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| 09/843,550 | 04/26/2001 | Raymond S. Bamford | ENSY-004 | 9238 |

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| EXAMINER | |
|---|---|
| WOO, RICHARD SUKYOON | |
| **ART UNIT** | **PAPER NUMBER** |
| 3639 | |

DATE MAILED: 03/25/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

| Office Action Summary | Application No. | Applicant(s) | |
|---|---|---|---|
| | 09/843,550 | BAMFORD ET AL. | |
| | Examiner | Art Unit | |
| | Richard Woo | 3629 | |

*-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --*

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

1)☐ Responsive to communication(s) filed on _____.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

4)☒ Claim(s) 1-24 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) 1-24 is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

**Application Papers**

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

## DETAILED ACTION

### *Claim Rejections - 35 USC § 101*

1) 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2) Claims 1-24 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural

phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson,* 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

> The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art"

because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.,* the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a

§101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the instant application, there is no significant claim recitation of the data processing system or calculating computer to show the significant change in the data or for performing calculation operations in Claim 1.

In Claims 9 and 17, the computer program (or logic) itself can not be directed to a practical application of the invention in the useful art to accomplish a concrete, useful, and tangible result. When the computer program is actually executed by the computer, the claimed subject matter produces a useful, concrete and tangible result. The mere recitation of "computer having logic" cannot constitute the actual execution done by the computer system.

***Claim Rejections - 35 USC § 112***

3) The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4) Claims 3-16 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

In Claim 3, lines 3-4, the choice between the first and second pricing regimes renders the claim indefinite because the applicant fails to define what constitutes the second pricing regime.

In Claim 9, line 1, the recitation of "A computer having logic" renders the claim indefinite because it is not whether the Claim 9 is directed to the computer ( that includes logic) or the computer program.

***Claim Rejections - 35 USC § 102***

5) Claims 1-24 are rejected under 35 U.S.C. 102(e) as being anticipated by Petters et al. (US 2001/0018672).

As for Claim 1, Petters et al. discloses a method comprising:

receiving the order (see Figs. 2A, 4A);

determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place (When the buyer receives the goods directly from the manufacturer, the title automatically passes to the buyer. Otherwise, the intermediate will deliver the title to the buyer, see paragraphs [0100], [0101]);

displaying a price of the goods to the buyer based at least partially on the determining step (see Fig. 2A, 4A).

As for Claim 2, Petters et al. further discloses the method, wherein a first pricing regime is implemented when it is determined that title to the goods passes directly from the manufacturer to the buyer (This is inherently true for all the direct transactions

between the buyer and manufacturers. Otherwise, the manufacturer will commit fraud by not delivering the title to the buyer who paid for the goods.).

As for Claim 3, Petters et al. further discloses the method, wherein when it is determined that title passes through an intermediate e-market place, the method further includes determining whether to implement the first pricing regime or a second pricing regime (see Supra paragraphs [0100], [0101]).

As for Claim 4, Petters et al. further discloses the method including the step of determining whether to discount a price (see paragraph [0105]).

As for Claim 5, Petters et al. further discloses the method, wherein a discount is determined based on volume of a current order (see Id.).

As for Claim 6, Petters et al. further discloses the method, wherein a discount is determined based on: a stocking charge (see paragraph [0105]).

As for Claim 7, Petters et al. further discloses the method including the step of determining whether to customize the price (see paragraphs [0045], [0046], [0059], [0068]).

As for Claim 8, Petters et al. further discloses the method, wherein the price is customized based on: geographic region, customer information, product line information, manufacturer information (see Id.).

As Claim 9, Petters et al. discloses a computer logic programmable to:

receive the order (see Figs. 2A, 4A);

determine whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place (When the buyer receives the goods directly from the manufacturer, the title automatically passes to the buyer. Otherwise, the intermediate will deliver the title to the buyer, see paragraphs [0100], [0101]);

display a price of the goods to the buyer based at least partially on the determining step (see Fig. 2A, 4A).

As for Claim 10, Petters et al. further discloses the logic, wherein a first pricing regime is implemented when it is determined that title to the goods passes directly from the manufacturer to the buyer (This is inherently true for all the direct transactions between the buyer and manufacturers. Otherwise, the manufacturer will commit fraud by not delivering the title to the buyer who paid for the goods.).

As for Claim 11, Petters et al. further discloses the logic, wherein when it is determined that title passes through an intermediate e-market place, the method further includes determining whether to implement the first pricing regime or a second pricing regime (see Supra paragraphs [0100], [0101]).

As for Claim 12, Petters et al. further discloses the logic programmable to determine whether to discount a price (see paragraph [0105]).

As for Claim 13, Petters et al. further discloses the logic, wherein a discount is determined based on volume of a current order (see Id.).

As for Claim 14, Petters et al. further discloses the logic, wherein a discount is determined based on: a stocking charge (see paragraph [0105]).

As for Claim 15, Petters et al. further discloses the logic programmable to determine whether to customize the price (see paragraphs [0045], [0046], [0059], [0068]).

As for Claim 16, Petters et al. further discloses the logic, wherein the price is customized based on: geographic region, customer information, product line information, manufacturer information (see Id.).

As for Claim 17, Petters et al. discloses a computer program product comprising:

computer readable code means for receiving the order (see Figs. 2A, 4A);

computer readable code means for determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place (When the buyer receives the goods directly from the manufacturer, the title automatically passes to the buyer. Otherwise, the intermediate will deliver the title to the buyer, see paragraphs [0100], [0101]);

computer readable code means for displaying a price of the goods to the buyer based at least partially on the determining step (see Fig. 2A, 4A).

As for Claim 18, Petters et al. further discloses the computer program product, wherein a first pricing regime is implemented when it is determined that title to the goods passes directly from the manufacturer to the buyer (This is inherently true for all the direct transactions between the buyer and manufacturers. Otherwise, the

manufacturer will commit fraud by not delivering the title to the buyer who paid for the goods.).

As for Claim 19, Petters et al. further discloses the computer program product, wherein when it is determined that title passes through an intermediate e-market place, the method further includes determining whether to implement the first pricing regime or a second pricing regime (see Supra paragraphs [0100], [0101]).

As for Claim 20, Petters et al. further discloses the computer program product including the computer readable code means for determining whether to discount a price (see paragraph [0105]).

As for Claim 21, Petters et al. further discloses the computer program product, wherein a discount is determined based on volume of a current order (see Id.).

As for Claim 22, Petters et al. further discloses the computer program product, wherein a discount is determined based on: a stocking charge (see paragraph [0105]).

As for Claim 23, Petters et al. further discloses the computer program product including the computer readable code means for determining whether to customize the price (see paragraphs [0045], [0046], [0059], [0068]).

As for Claim 24, Petters et al. further discloses the computer program product, wherein the price is customized based on: geographic region, customer information, product line information, manufacturer information (see Id.).

***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US 2003/0139996 is cited to show a method for facilitating the purchase of goods and services of a targeted population. A facilitating entity establishes and acts as the hub of trading network and provides multiple value-added services to facilitate trade through the hub.

US 2002/0019761 is cited to show a supply chain network where customers, suppliers, logistics providers, carriers, and financial institutions are all connected to a centralized supply chain server.

US 2003/0040947 is cited to show an international COD system for completing a transaction between a seller in a first country and purchaser in a second country, wherein the seller has agreed to exchange goods for a payment from the purchaser.

US 2003/0233246 is cited to show a method for selecting a sales channel for a specific item, including analyses of variables such as expected costs, sales items and market, third party and internal data.

US 5,712,989 is cited to show a requisition and inventory management system having a host computer and a local computer which can be connected to permit 2 way data communications in a real time environment. The system uses means for automatically determining which items in the inventory are likely to require replenishment and proposes a purchases or transfer order for an optimum quantity of the item.

WO 02/01449 is cited to show a method and system for internet cooperative to provide savings to buyers who are members in the form of discounts. The invention also provides a method and system that allows buyers to complete their current electronic transactions at the logged-on web-site uninterrupted while applying for other services like credit, loan, insurance and trade-in.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Richard Woo whose telephone number is 571-272-6813. The examiner can normally be reached on Monday-Friday from 8:30 AM -5:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on 571-272-6812. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Richard Woo
Patent Examiner
Art Unit 3629
March 18, 2005

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